[Rao Bahadur A. Rengaswamy Aiyar.]

Ceramic Expert expects that the scheme will bring in at least a net profit of 15 per cent. As a matter of fact, there are several offers to purchase the total output of refined china clay.

52. *Commercial Transport.*—As indicated in the Dewan's address to the Joint Session of the Assembly and Council already referred to, Government have decided to take over themselves the running of the bus traffic between Trivandrum and Cape Comorin as preliminary to a more general scheme. It is proposed to buy 50 buses fitted with Diesel Engines and 10 lorries for the present and to entrust the management to an Expert who will be engaged for a term. All his superior and subordinate staff will be recruited in Travancore. The chassis will be obtained in Europe and the bodies, with the exception of a few samples, will be built here of local timber. A return of at least 7½ per cent, is expected from this concern. A lump sum provision of Rs 5 lakhs has been made under Capital for this purpose.

As this proposal is based on the analogy of the system now in force in Hyderabad, it may interest the Legislature to have an idea of the results of the working of this system in that State. The Government Bus Service was started in Hyderabad with 27 buses operating over 284 route miles in June 1932 and by the end of March 1937 it is expected to operate 4,000 route miles with 367 vehicles. I append below a statement showing the capital outlay and the financial results for the years 1933 to 1937 :—

Year ended.	No. of buses.	Capital outlay.	Route miles.	Net return on capital.
		Lakhs.		per cent.
March 1933 ...	27	4·19	284	8·56
March 1934 ...	50	7·47	595	10·00
March 1935 ...	89	15·63	1232	10·00
March 1936 ...	122	22·51	1354	10·70
March 1937 ...	367	50·00	4000	10·00

It will be seen from the above statement that within 9 months of its commencement, a return of 8·56 per cent was obtained and during the next and succeeding years, the service yielded a net return of not less than 10 per cent.

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Diesel Engines were introduced later and it is expected that in 1936-37 all the engines would be converted into Diesels, and after the conversion, a higher percentage of return is also expected. The above return was net, after taking into account the taxes which the Road Transport Department there pays exactly in the same way as private owners' vehicles, such as fees for annual registration etc., and also adequate allowances for depreciation. The staff of the displaced private buses have been absorbed, and many of the vehicles previously employed on the private bus service have been taken over at a suitable valuation without including a compensatory element. Uniform fare of 5·14 pies (British) per passenger per mile is charged throughout the whole service including the suburban and district services, the idea being to make the "fat routes" pay for "lean routes" also Out-agencies have been established in a number of places for the through booking of goods and parcels.

As traffic in this State is heavier than that in Hyderabad, it may be confidently expected that the introduction of the system of Government monopoly of the bus traffic in our State will, while not involving any additional burden to the travelling public, be of considerable help to the finances of the State and also result in the efficiency of the service, and greater convenience to the public.

53. *Rubber Factory, Travancore.*—In pursuance of the policy of Government referred to already, Government decided to withdraw from the management of the Rubber Factory and arrange for its being run as a joint stock concern. A company under the name of "The Travancore Cables and Rubbers Limited" recently floated has taken up the management of the factory from 12th Makaram 1112. The lease is for a period of 10 years in the first instance. The lessee will pay Government 4 per cent. interest on the capital invested by Government in the concern, in addition to $2\frac{1}{2}$ per cent on the actual cost of the buildings and 3 per cent. on the actual cost of machinery towards depreciation.

The formal agreement with the company is awaiting execution. Meanwhile, the question of the sale of the factory and its assets to the company is under consideration.

54. *Sugar Factory, Thuckalai.*—With a view to put an end to the unsatisfactory condition of the Sugar Factory which has been incurring losses and paying no dividend for several years to Government and the shareholders, Government in pursuance of their general policy, purchased the rights of all the

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